

**NATIONAL HEALTH SERVICE CORPS  
LOAN REPAYMENT PROGRAM CONTRACT**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
HEALTH RESOURCES AND SERVICES ADMINISTRATION  
BUREAU OF CLINICIAN RECRUITMENT AND SERVICE  
DIVISION OF APPLICATIONS AND AWARDS

Section 338B of the Public Health Service Act ("Act") authorizes the Secretary of Health and Human Services ("Secretary") to repay the graduate and/or undergraduate educational loans of applicants selected to be participants in the National Health Service Corps Loan Repayment Program ("Loan Repayment Program"). In return for these loan repayments, applicants must agree to provide primary health services in a manner determined by the Secretary for a period of obligated service in a Health Professional Shortage Area ("HPSA") designated by the Secretary pursuant to section 332 of the Act. An applicant becomes a participant in the Loan Repayment Program only if this contract is signed by the applicant and by the Secretary's designee.

The terms and conditions of participating in the Loan Repayment Program are set forth below.

**Section A—Obligations of the Secretary**

Subject to the availability of funds appropriated by the Congress of the United States for the Loan Repayment Program and the National Health Service Corps (NHSC), the Secretary agrees to:

1. Pay, in the amount provided in paragraph 2 of this section, the undersigned applicant's qualifying graduate and/or undergraduate educational loans for actual costs paid for:
  - a. tuition expenses;
  - b. all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the applicant; or
  - c. reasonable living expenses as determined by the Secretary.Qualifying graduate and/or undergraduate educational loans consist of the principal, interest, and related expenses of the government and commercial loans received by the applicant for the above-listed expenses incurred prior to obtaining a degree in the health profession in which the applicant will serve his or her period of obligated service.
2. Pay \$50,000 for two years of service except that, if the applicant's total outstanding balance of qualifying educational loans is less than \$50,000, the Secretary will pay the outstanding loan balance for two years of service.
3. Accept the applicant into the NHSC or release the applicant, pursuant to section 338D of the Act, to enter into full-time private clinical practice of the applicant's health profession in a HPSA selected by the Secretary.
4. Make loan repayments for a year of obligated service no later than the end of the fiscal year in which the applicant completes such year of service.

**Section B—Obligations of the Applicant**

1. The applicant agrees to:
  - a. Accept loan repayments from the Secretary and apply those loan repayments, during the period of obligated service, to reduce the applicant's qualifying graduate and/or undergraduate educational loans.
  - b. Serve his or her period of obligated service by providing primary health services, as determined by the Secretary:
    - i. in the full-time clinical practice (as defined in paragraph iii below) of his or her health profession in the HPSA (designated under section 332 of the Act) to which the applicant is assigned by the Secretary as a member of the NHSC, either as a Commissioned Officer in the Regular or Reserve Corps of the Public Health Service, as a civilian employee of the United States, or as an individual who is not an employee of the United States; or
    - ii. in the full-time private clinical practice (as defined in paragraph iii below) of his or her health profession pursuant to a Private Practice Option Agreement under section 338D of the Act in a HPSA (designated under 332 of the Act) selected by the Secretary.
    - iii. A full-time clinical practice is defined as a minimum of 40 hours per week. For all health professionals, at least 32 hours of the minimum 40 hours per week must be spent providing clinical services. For all health professionals, except as noted below, at least 32 of the minimum 40 hours per week must be spent providing direct patient care in the outpatient ambulatory care setting(s) at the approved practice site(s), during normally scheduled office hours. The remaining 8 hours of the minimum 40 hours per week for all health professionals, except as noted below, must be spent providing clinical services for patients in the approved practice site(s), or providing clinical services in alternative settings (e.g., hospitals, nursing homes, shelters) as directed by the approved practice site(s) or performing practice-related administrative activities. For an OB/GYN physician, Family Practice physician who practices obstetrics on a regular basis (FP/OB), a provider of geriatric services, pediatric dentist, certified nurse midwife (CNM), or behavioral/mental health

provider, at least 21 of the minimum 40 hours per week must be spent providing direct patient care (direct patient counseling for behavioral/mental health providers) in the outpatient ambulatory care setting(s) at the approved practice site(s), during normally scheduled office hours. The remaining 19 hours of the minimum 40 hours per week for OB/GYN's, FP/OBs, providers of geriatric services, pediatric dentists, CNMs, and behavioral/mental health providers must be spent providing clinical services for patients in the approved practice site(s), or providing clinical services in alternative settings (e.g., hospitals, nursing homes, shelters) as directed by the approved practice site(s), or performing practice-related administrative activities. For all practitioners, practice-related administrative activities shall not exceed 8 hours per week. The 40 hours per week may be compressed into no less than 4 days per week, with no more than 12 hours of work to be performed in any 24-hour period. Time spent "on-call" will not count toward the 40-hour week. No more than 7 weeks (35 workdays) per service year can be spent away from the practice for holidays, vacation, continuing professional education, illness, or any other reason. Absences greater than 7 weeks in a service year will extend the service obligation end date.

- c. Serve in accordance with paragraph b. of this section for two (2) years. Contract extension for additional years may be available under the terms and conditions specified in Section E of the Contract.
- d. Comply with the provisions of Title 42, Code of Federal Regulations (CFR), Part 62, Subpart B.
- e. Comply with Title 2, CFR, Part 180, Subpart C (2006), as supplemented by Subpart C of Title 2, CFR, Part 376 (2007)

**Section C—Breach of Written Loan Repayment Contract**

1. If the applicant, for any reason, fails to complete the 2-year period of obligated service, he or she shall be liable to the United States for an amount equal to the sum of:
  - a. the total of the amounts paid by the United States to, or on behalf of, the applicant under Paragraph 2 of Section A of this Contract for any period of obligated service not served;
  - b. an amount equal to the product of the number of months of obligated service not completed by the applicant, multiplied by \$7,500; and
  - c. interest on the amounts described in (a) and (b) of this paragraph at the maximum legal prevailing rate, as determined by the Treasurer of the United States, from the date of the breach; except that the amount the United States is entitled to recover shall not be less than \$31,000.
2. Any amount the United States is entitled to recover shall be paid within 1 year of the date the Secretary determines that the applicant is in breach of this written Contract.

**Section D—Cancellation, Suspension, and Waiver of Obligation**

1. Any service or payment obligation incurred by the applicant under this Contract will be canceled upon the applicant's death.
2. The Secretary may waive or suspend the applicant's service or payment obligation incurred under this Contract if the applicant's compliance with the terms and conditions of this Contract is:
  - a. impossible or
  - b. would involve extreme hardship and enforcement would be unconscionable.

**Section E—Contract Amendment**

1. The applicant may, in accordance with procedures established by the Secretary, request an extension of this Contract.
2. Subject to the availability of funds appropriated by the Congress of the United States for the Loan Repayment Program and the NHSC, the Secretary may approve a request for Contract extension in accordance with the Secretary's established policies in effect at the time of the extension.
3. A request for an extension of this Contract will not be approved if prior loan repayments received under this Contract were not applied, during the period of obligated service, to reduce the applicant's qualifying graduate and/or undergraduate educational loans.

**Section F—Contract Termination**

1. The Secretary may terminate this Contract if, on or before August 17, 2010, the applicant:
  - a. submits a written request to terminate this Contract and
  - b. repays all amounts paid to, or on behalf of, the applicant under Paragraph 2 of Section A of this Contract.

The Secretary or his/her designee must sign this contract before it becomes effective.

<b>Applicant Name (please print):</b>	
<b>Applicant's Signature:</b>	<b>Date:</b>
<b>Secretary of Health and Human Services or Designee:</b>	<b>Date:</b>
HRS-860 (Revised 10/09 - DHHS, HRSA, BCRS, DAA)	